

Message Text

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ACTION EUR-12

INFO OCT-01 EA-06 ISO-00 SP-02 AID-05 EB-07 NSC-05 RSC-01

CIEP-01 TRSE-00 SS-15 STR-01 OMB-01 CEA-01 AEC-05

CIAE-00 COME-00 DODE-00 FEAE-00 FPC-01 H-01 INR-07

INT-05 L-02 NSAE-00 PM-03 SAM-01 OES-03 FRB-03 PA-01

PRS-01 USIA-06 IO-10 NEA-09 OPIC-03 LAB-04 SIL-01

/124 W

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R 051649Z FEB 75

FM AMEMBASSY PARIS

TO SECSTATE WASHDC 6432

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY OTTAWA

AMEMBASSY ROME

AMEMBASSY TOKYO

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E.O. 11652: N/A

TAGS: ENRG, FR

SUBJECT: GISCARD-SCHMIDT SUMMIT: ENERGY

1. DUTET, ECONOMIC AND FINANCIAL ADVISOR AT THE ELYSEE,
TOLD ECON/COM MIN THAT GISCARD AND SCHMIDT HAD SPENT
MUCH OF THEIR TIME DISCUSSING PREPARATIONS FOR A
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PRODUCER-CONSUMER ENERGY CONFERENCE. IN FACT, THIS

SUBJECT HAD SHARED HONORS WITH THE UK RENEGOTIATION AS THE MOST IMPORTANT ITEMS ON THE AGENDA. DUTET SAID THAT SCHMIDT WAS IN AGREEMENT WITH GISCARD THAT THE CONDITIONS FOR HOLDING THE PREPARATORY CONFERENCE NOW SEEMED LARGELY MET AND THAT INVITATIONS SHOULD BE SENT OUT SOON. DUTET QUICKLY ADDED THAT A DECISION TO SEND OUT INVITATIONS WAS, OF COURSE, SUBJECT TO U.S. CONCURRENCE. HE NOTED IN THIS CONTEXT THAT GISCARD AND SCHMIDT, IN PART BECAUSE OF "SOUNDINGS IN WASHINGTON," WERE OF THE OPINION THAT THE U.S. WAS NOW CLOSE TO GIVING THE GREEN LIGHT ON THE PREPARATORY CONFERENCE.

2. ECON/COM MIN INJECTED A NOTE OF CAUTION AT THIS POINT. HE SAID THAT, WHILE FINANCIAL SOLIDARITY HAD BEEN LARGELY ESTABLISHED, FURTHER PROGRESS WAS NEEDED ON CONSERVATION OF ENERGY AND DEVELOPMENT OF OTHER SOURCES. COMMITMENTS ON CONSERVATION HAD BEEN ADOPTED BY MOST GOVERNMENTS, BUT AN AGREEMENT WAS NEEDED ON FITTING NATIONAL COMMITMENTS INTO A MULTILATERAL STRUCTURE. DECISIONS WERE ALSO NEEDED ON MEASURES TO FACILITATE ACCELERATED DEVELOPMENT OF NEW SOURCES. THESE WERE QUESTIONS WHICH WOULD BE AT THE CENTER OF THE DISCUSSIONS OF THE IEA BOARD OF GOVERNORS THIS WEEK. A FURTHER MEETING OF THE BOARD MIGHT BE NECESSARY AT THE END OF THE MONTH. IN THIS CONNECTION, ECON/COM MIN CALLED ATTENTION TO SECRETARY KISSINGER'S NATIONAL PRESS CLUB SPEECH PROPOSING A FLOOR PRICE ON ENERGY.

3. DUTET SAID THAT THE FLOOR PRICE PROPOSAL HAD NOT BEEN DISCUSSED BY GISCARD AND SCHMIDT. HOWEVER, HE FELT IT NECESSARY TO SAY THAT THE GOF HAD SERIOUS RESERVATIONS ABOUT THIS PROPOSAL. THE FRENCH FULLY UNDERSTOOD AND SHARED THE CONCERN WHICH HAD LED TO OUR MAKING SUCH A PROPOSAL BUT THEY WERE NOT SURE THIS WAS THE BEST WAY OF DEALING WITH THE PROBLEM. INSTEAD, THE GOF TENDED TO FAVOR A SYSTEM OF DIRECT AID TO INVESTORS. BUT EVEN IF IT COULD EVENTUALLY BE BROUGHT TO AGREE ON THE FLOOR-PRICE METHOD, IT BELIEVED THAT THE PROPOSAL WAS PREMATURE, THAT IS, THAT SUCH A QUESTION SHOULD NOT BE DECIDED UNTIL THERE HAD BEEN DISCUSSIONS BETWEEN LIMITED OFFICIAL USE

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PRODUCERS AND CONSUMERS. IF THE FLOOR PRICE WERE SET TOO LOW, IT WOULD BE VIEWED BY THE PRODUCERS AS PROVOCATIVE, DESIGNED TO FORCE THEM TO CUT THEIR PRICES TO THAT

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LEVEL. IF IT WERE SET TOO HIGH, THIS WOULD BE TAKEN BY
THE PRODUCERS AS EVIDENCE THAT THE CONSUMERS DID NOT
REALLY WANT LOWER PRICES. DUTET EMPHASIZED THAT THIS
SKEPTICISM WAS NOT INSPIRED BY RESERVATIONS ABOUT THE
BASIC OBJECTIVE OF ACCELERATED DEVELOPMENT. INDEED, THE
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GOF, BY ADOPTING A PROGRAM FOR THE CONSTRUCTION OF SIX NUCLEAR REACTORS A YEAR, WAS AHEAD OF MOST COUNTRIES IN THIS AREA.

4. DUTET ASKED WHETHER THE U.S. EXPECTED AGREEMENT ON THE FLOOR-PRICE PROPOSAL BEFORE AGREEING TO HOLD THE PREPARATORY CONFERENCE. IF SO, THIS WOULD CAUSE VERY SERIOUS PROBLEMS FOR THE GOF (AND, HE THOUGHT, FOR THE GERMANS AND JAPANESE AS WELL). ECON/COM MIN SAID HE WAS NOT IN A POSITION TO ANSWER THIS QUESTION WHICH, OF COURSE, WOULD BE DISCUSSED AT THE IEA BOARD OF GOVERNORS' MEETING. HE SUGGESTED THAT THIS WAS A MATTER WHICH MIGHT BE DISCUSSED IN THE COURSE OF THE U.S.-FRENCH BILATERAL DINNER BEING HOSTED BY BRUNET FOR ENDERS ON FEBRUARY 6. IN THIS CONNECTION, PRESIDENT GISCARD, IN ANSWER TO TV REPORTER'S QUESTION FOLLOWING FRANCO-GERMAN SUMMIT FEBRUARY 4, SAID THAT U.S. FLOOR-PRICE PROPOSAL IN NO WAY COMPROMISED U.S.-FRENCH UNDERSTANDING REACHED AT MARTINIQUE ON ENERGY (AS SOME OF PRESS HAS BEEN SPECULATING). DISCUSSION OF U.S. PROPOSAL, HE SAID, WILL BE APPROPRIATE IN SECOND STAGE OF COORDINATION OF CONSUMER POSITIONS -- THAT IS, AFTER PREPARATORY MEETING HELD.
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